



# CITY OF JERSEY CITY

JERRAMIAH T. HEALY, MAYOR

21 September 2009

Dear Members of the City Council,

A report was recently issued by a New Jersey think tank criticizing the state's long-term tax abatement law and, specifically, the use of long-term tax abatements in Jersey City. The report recommended broad changes in the state law, but offered no compelling empirical or quantitative analysis of the issue. The report was published by New Jersey Policy Perspectives, a group that has stood against economic development initiatives throughout the state, and demonstrated a fundamental misunderstanding of the way tax abatements have stimulated development in Jersey City for more than two decades.

We have taken this as an opportunity to present a comprehensive analysis of the benefits Jersey City has enjoyed due to its strategic use of long-term abatements.

These abatements have helped the City transform our waterfront into the financial epicenter of New Jersey, bringing thousands of good-paying jobs to our city and boosting property values in surrounding neighborhoods to unprecedented levels. City residents have launched successful careers in the building trades through Project Labor Agreements, and tax abatements are now being used to promote smart growth and redevelopment throughout the City, from Journal Square to the Hackensack River. In addition, tax abatement agreements have subsidized affordable housing construction and stabilized the city budget at a time when traditional tax revenues are waning across the country.

We believe that tax abatements represent the most powerful economic development tool we have at our disposal and we should continue to evaluate them on a case by case basis. Attached to this letter you will find a point-by-point response to the criticisms and recommendations made by New Jersey Policy Perspectives as well as a presentation detailing the fiscal, economic and residual advantages of Jersey City's policy. As you will see, tax abatements have brought tremendous benefits to our city.

Respectfully,

A handwritten signature in black ink, appearing to read "J. Healy".

Mayor Jerramiah T. Healy



OFFICE OF THE MAYOR

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